Reconceptualizing the Welfare State: A Comparative Framework for East Asia

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1. Introduction

Are there any distinct characteristics of East Asian welfare states in comparison to those of advanced welfare states in the West? If so, what kinds of historical and structural factors have created these differences?

To answer these questions, we need to extend our perspective along both historical and geographical lines. We should extend the historical perspective to the Poor Law tradition of the West and also to the lack of it in the East. Western welfare states were built on the tradition of the Poor Law, which can be traced back to the poor relief carried out by the Church. This illustrates a peculiarity of rather than the progressiveness of the West. In the rest of the world, including East Asia, disadvantaged people were protected essentially by kinship groups. We should also refer to Polanyi's international perspective in order to differentiate between the different paths of welfare states in the West and the East. While the advanced welfare states were developed during the era of moderate globalization under the Bretton Woods regime, most East Asian welfare states have been forced to fight, since the 1990s, against the strong winds of hyperglobalization. Based on the extended perspective as outlined above, I will reexamine Esping-Andersen's conceptualization of the welfare state, as well as elaborate an alternative theoretical framework.

2. Restoring an International Perspective

Though the comparative sociological study of welfare states was pioneered by H. Wilensky (1975), its recent proliferation has largely been promoted by the work of G. Esping-Andersen (1990), whose typology of three worlds within advanced welfare states is well known. In liberal regimes (i.e., Anglo-Saxon countries), governments provide only minimal levels of social security, instead emphasizing the role of self-help by individuals and families. In conservative regimes (mainly Continental European countries), forms of social insurance in line with occupational categories are dominant, presupposing a traditional type of family care. In social democratic regimes (i.e., Scandinavian countries), a high tax burden renders universal welfare services possible,
in turn promoting equality between classes and genders.

The purpose of Esping-Andersen’s study, however, was not limited to a classification of types of welfare state. Esping-Andersen demonstrated that there are multiple viable options for social policy and that we can measure and evaluate the different impacts of each option on people's lives. Though imitating the policies of other regimes is neither always possible nor advisable, it is useful to understand the policies of one’s own country and their effects, placing them in an international comparison. This is why Esping-Andersen’s typology became an important framework for subsequent studies in the field of social policy.

Nevertheless, Esping-Andersen’s argument is inadequate in terms of understanding the welfare state in East Asia. The scope of his research is limited to relatively homogeneous advanced welfare states, comparing the domestic factors of respective countries, despite it being categorized as an international comparison. Moreover, most subsequent researchers to have carried out studies on East Asia have not matched the theoretical standards set by Esping-Andersen. Holliday (Holliday 2000, Holliday and Wilding eds. 2003), seen as a representative example, argued that East Asian welfare constituted the fourth “productivist world,” outside Esping-Andersen’s “three worlds.” He did not establish the historical and structural factors differentiating East Asia from the three worlds, describing only the alleged characteristics of productivist welfare. If we extend the scope to East Asian countries, which vary substantially in their histories and economies, it is necessary to take into account the conditions of the international political economy, as well as the domestic factors, that determine the feasibility of welfare state formation. Here, we need to restore the international perspective of K. Polanyi, from whom Esping-Andersen drew his inspiration.

Polanyi (1944) is known for his proposition that a labor market without social protection will bring about human degradation. Based on this proposition, Esping-Andersen identified the core definition of a welfare state as de-commodification of labor. This means that the role of the welfare state is to enable a person to maintain a civilized life even if she or he opts out of work when necessary, and that human degradation does not occur as long as the welfare state functions well. According to Esping-Andersen, the extent to which de-commodification occurs in a welfare state basically depends on the structure of domestic politics.

1 Esping-Andersen paid little attention to international factors as determinants of the characteristics of welfare states. He focused on domestic factors such as the nature of class mobilization, class-political coalition structures, and the historical legacy of regime institutionalization (Esping-Andersen 1990: 29).
Unlike Esping-Andersen, however, Polanyi viewed the problems of each society from the perspective of the international political economy. He focused on the contradiction between domestic politics and the international economy. Because the international economy of the nineteenth century, described by Polanyi in *The Great Transformation* (1944), was dominated by the gold standard monetary system, governments were not in a position to protect the lives of citizens by increasing public spending during times of recession. Under the gold standard system, governments were obliged to maintain the stability of their currencies through budgetary restrictions during such times. According to Polanyi, the catastrophe of the two World Wars was the result of a surging contradiction between pressures brought by the international economy and the requirement for domestic politics to meet the needs of citizens who had become aware of their own rights.

The welfare state became viable after the end of World War II, largely because of the international economic regime decided upon at the Bretton Woods conference in the same year as *The Great Transformation* was published. The Bretton Woods system was designed to balance the needs of the international economy and domestic politics. It sought to limit the scope of trade liberalization, stressing the importance of providing national governments with sufficient latitude to implement social and industrial policy according to the needs of their domestic politics. That is, the goal was *moderate globalization* (Rodrik 2011: 70). As a result, democratic countries in the West were able to pursue both economic growth and social policy, forming advanced welfare states designed to provide a measure of social protection for their citizens.

On the other hand, for people in developing countries in the East, the same period was characterized by authoritarian regimes, known as state corporatism. It was possible for authoritarian governments to put much effort into industrial rather than social policy by suppressing citizens’ claiming of rights (exclusionary corporatism), or by selectively admitting the rights of specific groups (inclusionary corporatism). Even under the same Bretton Woods system, developing countries with authoritarian regimes chose different policies to those of advanced countries, forming different types of welfare state. East Asian welfare states did not cover the whole nation and were not equipped with measures of social protection sufficient to prevent human degradation in the labor market.

3. Extending the Historical Perspective

In East Asian countries, after the end of World War II, though there was far less
social protection than in advanced countries, such kinds of widespread human
degradation as described by Engels in *The Condition of the Working Class in England* (1845)
did not occur. Why? Of course, it is possible to explain this as a result of low
unemployment combined with sustained economic growth, or by the younger age of the
population. We should not, however, overlook the important role played by kinship
groups in relation to welfare provision in East Asia. Who should be responsible for
protecting vulnerable individuals? By extending our historical perspective, we may find
there to be more fundamental differences between the East and the West than are
usually supposed.

As for Esping-Andersen's typology of welfare states, historical sociologists P. Gorski
and S. Kahl have offered criticisms that it overlooked religious factors. According to
Gorski, not only was the emergence of conservative welfare states deeply related to
Catholicism (which Esping-Andersen also pointed out), but liberal welfare states
emerged only in England and its settler colonies where Reformed Protestantism was
dominant. In contrast, social democratic welfare states emerged only in the
homogeneously Lutheran countries of Scandinavia (Gorski 2003: 163).

Moreover, according to Kahl, there are differences in historical poor relief systems
stemming from different denominations of Christianity that sit behind the different
types of modern welfare states (Kahl 2005: 92). Whereas in Catholic countries
monasteries provided relief to the poor, Lutheran cities secularized their poor relief
systems (ibid.: 105). Additionally, it was Reformed Protestant social reformers who
conceived of a plan forcing recipients of poor relief to work (ibid.: 108). In this way, Kahl
argues that different poor relief systems served as the basis of welfare states, and that
social insurance was built on top of the system of poor relief already in place (ibid.: 93).

In light of their arguments, it becomes clear that the Reformation provided the
background for the formation of Western welfare states. More specifically, in Lutheran
and Reformed Protestant countries, secular governments took on the role of poor relief
following dissolution of the monasteries. M. Koyama, based on W. Sombert, wrote about
the introduction of the Poor Law in England: “The Dissolution of the Monasteries by
Henry VIII in 1536 stopped the protection of the poor which had been provided by the
monasteries. Though before then a third of the tithes (ten percent tax charged by the
Church) had been used for the protection of the poor, this incident abolished 644
monasteries, 110 hospitals, and 2,374 chantries. All the poor who had been protected
under these institutions were kicked out on to the street. The number of the poor was
estimated to be more than 88,000” (Koyama 1962: 9).

In sum, prior to the Reformation, welfare provision had fallen within the role of the
Church, and the Poor Law secularized and rationalized it. This was quite different from
the case in East Asia, where poor relief was not considered a public affair, let alone one
that was religious or secular. There was no public poor relief system of any such size in
pre-modern East Asia.\(^2\) In order to understand the difference, one needs to trace the
situation back a further ten centuries. Why did welfare provision become a role of the
Church?

Social anthropologist J. Goody outlined the diminishing of kinship groups in
Europe, because, in the sixth century, the Church prohibited marriage to close kin,
marrage to close affines or the widows of close kin, the transfer of children by adoption,
and concubinage (Goody 1983: 39). It was not a prohibition based on scriptural doctrine,
but rather one for the purpose of reducing the potential for kinship groups to inherit
property, and for promoting donations to the Church (ibid.: 95). Under this new rule,
kinship was weakened as the property of kinship groups was transferred to the Church,
in exchange for which the Church became a guardian of the poor, orphans, and widows
(ibid.: 46). As a side note, whereas roughly a quarter of the rent paid on land went to the
Church in England at the time when the Domesday Book (the first land register) was
compiled in 1085, this ratio remained virtually unchanged until 1536, when Henry VIII
confiscated the property of monasteries (ibid.: 125).\(^3\)

While F. Fukuyama, referring to Goody’s findings, emphasizes that the reduction of
complex kinship itself enabled the rise of a capitalist economy based on private property
rights (Fukuyama 2011: 239), I would give more weight to the changing allocation of
welfare responsibilities between kinship groups and the Church. The basic pattern
established in this period seems to have progressed to the later allocation of welfare
responsibilities between family and the state following the Reformation and the
Industrial Revolution.

In the United Kingdom, there were 1.2 million recipients of poor relief (7.7 percent

\(^2\) In Qing Dynasty China, where there was the largest public poor relief system in
pre-modern East Asia, local charitable granaries (yicang) ran soup kitchens for the destitute
and lent rice seed to poor households (Deng 1939, Muramatsu 1969, Hoshi 1988). Yet,
charitable estates (yitian), a system of mutual aid within a kinship group, was also important
(Shimizu 1942: 307), and charitable granaries were presumably often confused with the
mutual aid of kinship groups.

\(^3\) P. Laslett, based on the results of historical demography, writes that in Western Europe,
simple family households were common even in the pre-modern era (Laslett 1992: 15). A.
Macfarlane also argues that English people were already individualist in their family
relationships by the thirteenth century at the latest (Macfarlane 1978=1997: 268). Goody’s
thesis on the early decline of kinship partly concurs with their arguments. Whereas,
however, Laslett and Macfarlane would not explain the cause of change, Goody explicitly
attributes the cause to the Church. There are also some skeptical views on Goody’s thesis
of the total population), even in the 1840s (Anbo 2005: 44), despite the Poor Law Amendment Act of 1834, which was supposed to keep recipients to a minimum through the abolition of outdoor relief and the principle of less eligibility. On the other hand, in Japan, there were only 18,545 recipients of poor relief (0.06 percent of the total population), even in 1892, when the highest number was recorded since the enactment of the Poor Relief Regulation in 1874 as a successor to the poor relief systems in place in former feudal domains (Taikakai ed. 1971: 347). These two figures clearly epitomize the historical difference in the allocation of welfare responsibilities between family and the state in the East and the West.

4. Redefining the Welfare State

So far, I have used the term “welfare state” without defining it. Welfare state is, however, a conceptual construct, which will break away if not accorded a proper definition. The same term can mean different things or emphasize different parts of an actual entity, depending on its definition. I will conceptualize the welfare state by relating it to the market economy (or capitalism) and democracy, based on the tradition of social sciences. For this purpose, it will be a starting point to critically examine Esping-Andersen’s argument on the theoretical core of the advanced welfare states. By constructing a theoretical framework that can also be applied to East Asian cases, we are able to make the concept of the welfare state much clearer.

As previously mentioned, Esping-Andersen described the core of the welfare state as the de-commodification of labor. He wrote: “The extension of social rights has always been regarded as the essence of social policy. Inspired by the contributions of Karl Polanyi, we choose to view social rights in terms of their capacity for ‘de-commodification’” (Esping-Andersen 1990: 3). It is not advisable to identify de-commodification (corresponding to the economic system) with social rights (related to the political system), given that Polanyi analyzed the contradiction between economic and political systems after distinguishing between the two (Polanyi 1944: 140, 244). Why did Esping-Andersen, then, fall into such theoretical confusion?

According to Esping-Andersen, “de-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market” (Esping-Andersen 1990: 21). If, however, this de-commodification is identical to the social protection argued by Polanyi, there is no need to ask whether it is “rendered as a matter of right.”

Let us recall the key points of Polanyi’s theory. “Undoubtedly, labor, land, and
money markets are essential to a market economy. But no society could stand the effects
of such a system of crude fictions even for the shortest stretch of time unless its human
and natural substance as well as its business organization was protected against the
ravages of this satanic mill” (Polanyi 1944: 76). This explains the requirement for
de-commodification (social protection) as a means of protecting labor against the
ravages of the free market. Originally, it mattered little whether this protection was
based on social rights or on means-tested poor relief. While Esping-Andersen
deliberately depreciated means-tested poor relief when scoring his de-commodification
index (Esping-Andersen 1990: 22, 54), the origins of this judgment may not lie with
Polanyi, but rather may follow the universalist tradition of social policy (Titmuss 1974).

This confusion of de-commodification and social rights gave rise to the theoretical
ambiguity related to the latter. Esping-Andersen counted stratification, as well as
de-commodification, as “part and parcel of welfare states” (Esping-Andersen 1990: 3).
“The welfare state is not just a mechanism that intervenes in, and possibly corrects, the
structure of inequality: it is, in its own right, a system of stratification” (ibid.: 23). He
argued that the welfare state tends to make inequality visible or strengthened by
institutionally treating each part of society differently.

The issue of inequality is related to citizenship (especially social rights), as focused
upon by T. H. Marshall. We can assume from the following text, however, that he must
have evaluated a welfare state, one embodying social rights, by its ability to provide
equalization (that is, de-stratification) rather than stratification. “Citizenship is a
status bestowed on those who are full members of a community. All who possess the
status are equal with respect to the rights and duties with which the status is endowed.
There is no universal principle that determines what those rights and duties shall be,
but societies in which citizenship is a developing institution create an image of an ideal
citizenship against which achievement can be measured and toward which aspiration
can be directed. The urge forward along the path thus plotted is an urge toward a fuller
measure of equality, an enrichment of the stuff of which the status is made and an
increase in the number of those on whom the status is bestowed” (Marshall 1992: 18).
While Esping-Andersen was surprised by the stratification effect of the welfare state
outside Scandinavia, for he regarded Nordic universalism as a standard, it is more
logical to focus on de-stratification when it comes to evaluating the extension of social
rights.

From the above, it can be said that Esping-Andersen’s theoretical confusion or
ambiguity derived from a bias emanating from his favoring of the historical experience
of Scandinavia. We should distinguish between de-commodification and
de-stratification for developing a concept of the welfare state that is applicable to East Asia. De-commodification is required just as a free labor market is established, in spite of the presence or absence of democratic politics. It is not always rights-based. It can be provided via a Poor Law or by a kinship group. On the contrary, de-stratification (qualitative equalization) is a concept related to democracy in a certain political community. It is a requisite of the progress of democratization. De-stratification transforms the nature of de-commodification into a rights-based system, as well as extending it to the whole nation. In this paper, I will capture a welfare state as the combination of both aspects of de-commodification and de-stratification. Here, democracy refers to the condition in which political rights, one of the three elements of citizenship (civil, political, and social rights) formulated by Marshall (1950), are applied to the whole nation. In other words, it refers to a polity characterized by the effective implementation of universal suffrage. Democratization refers to the transition from an authoritarian to a democratic regime. De-stratification is a requirement of democratization, because people with political rights will also seek social rights as a means of achieving social equality between classes. Hence, it can be said that democracy is substantiated only after the accomplishment of de-stratification.

Table 1. Different paths of welfare state development

<table>
<thead>
<tr>
<th>Historical Legacy for De-commodification</th>
<th>International Environment</th>
<th>Post–World War II</th>
<th>After 1980s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western World</td>
<td></td>
<td>Bretton Woods Regime (Moderate Globalization)</td>
<td>Collapse of Bretton Woods (Hyperglobalization)</td>
</tr>
<tr>
<td>Poor Relief Tradition (from the 6th century)</td>
<td>1</td>
<td>Class Coalition in Democracy → Three Worlds of De-stratification</td>
<td>Three Worlds of Social Investment (a)</td>
</tr>
<tr>
<td>East Asia</td>
<td></td>
<td>Only Kinship Welfare</td>
<td>2</td>
</tr>
<tr>
<td>Only Kinship Welfare</td>
<td></td>
<td>Labor Market without Democracy → Family Welfare + State Corporatism</td>
<td>2' + Restricted De-stratification</td>
</tr>
</tbody>
</table>

By conceptualizing the welfare state as above, it becomes possible to distinguish the different paths of Western advanced countries and East Asian countries in the post–World War II era as the following ideal types (see Table 1).

Esping-Andersen’s (1990) “three worlds of welfare capitalism” emerged in
post-World War II Western advanced countries (① in Table 1). They were not, however, the three types of de-commodification he supposed, but were instead types of de-stratification. Whereas the previously existing Poor Law functioned as a historical underpinning for de-commodification, the stable economic environment under the Bretton Woods regime made possible democracy’s request for de-stratification. As argued by Esping-Andersen, the type of de-stratification that emerges depends on the structure of the class coalition within parliamentary politics. The scope of his proposition, however, is limited to those advanced countries that had been early implementers of universal suffrage. It is impossible to apply his framework to most East Asian countries, in which democratic parliamentary politics were yet to be established at that stage.

In East Asia during the same era (② in Table 1), de-commodification by family welfare underpinned the free labor market without democracy. As argued earlier, this was because there was no tradition of public poor relief. The absence of democratic parliamentary politics, however, did not mean a lack of welfare politics. Developing countries are liable to form a political structure called “state corporatism” (Schmitter 1974). According to P. Schmitter, state corporatism emerges in response to “delayed, dependent capitalist development and non-hegemonic class relations” (ibid.: 108). In this situation, the state’s elite seek to repress and exclude the demands of the working class as a means of ensuring recovery from any domestic and international politico-economic crisis (ibid.). They then seek to reintegrate a part of the excluded working class into organizations designed and controlled by the state (Stepan 1978: 79). Under such a political structure, only those people incorporated into the system are covered by social security. Hence, in most East Asian countries, even under the same Bretton Woods regime, the de-stratification seen in Western advanced countries did not occur. Instead, dependence on traditional family welfare was maintained.

The prototype for East Asian welfare states was thus molded through such a process of exclusion and inclusion of the working class. It is unlikely that these countries will move convergently toward adoption of the model seen in post-World War II advanced welfare states (① in Table 1), even following the democratization of the 1980s (②’ in Table 1). This can be explained by the following historical and international conditions. First, it is expected that, in a country where state corporatism was once solidly institutionalized, de-stratification will not advance rapidly, even

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4 Esping-Andersen himself was aware of the valid scope of his argument: “Our study is limited to the 18 major industrialized capitalist democracies. ... Ours is therefore not a sample, but a universe of comparable nations. Hence, no conclusions can be generalized beyond this rather unique group of political economies” (Esping-Andersen 1990: 111).
following democratization. Newly democratized countries have to continue with the restrictions imposed by a state corporatist legacy ((a) in Table 1). Second, the latitude of each government’s social policy has been restricted ((b) in Table 1) following the beginning of the process of hyperglobalization in the 1990s. In addition, while the mainstream idea of social policy in Western advanced countries has changed from one of a welfare to a social investment state in response to the changing international economic environment (①’ in Table 1), such new ideas and discourses were disseminated even to the developing welfare states in East Asia ((c) in Table 1). Third, if there was weakened family welfare ((d) in Table 1) in a country lacking a tradition of Poor Law, and in which there had only been limited de-stratification, this would give rise to a serious shortage of welfare provision.

5. Social Foundations of the Global Economy

How can we extend social security in East Asia? National governments are faced with the dual challenge of social risks brought about by globalization at the same time as seeing restrictions to their capacity to deal with such risks brought about by the same globalization. There is, however, no alternative other than to strengthen nation states’ ability to improve social security. International economist D. Rodrik clearly explains this point. According to him, there is a trilemma in which we can have only two of the following at any one time: hyperglobalization, democracy, and national self-determination (Rodrik 2011: 200). I would paraphrase his theory as follows.

First, if we were to choose hyperglobalization and national sovereignty, we would have to sacrifice democracy. This is because, in a world economy where trade and investment are fully globalized, the only services that national governments would be able to provide would be those aimed at attracting traders and investors. Social security and labor standards, aimed at protecting citizens, would be reduced to a minimum.

Second, if we were to choose hyperglobalization and democracy, we would need to omit national sovereignty. This would be due to the fact that global federalism would be the only system capable of providing a democratic underpinning within a fully globalized world economy. In addition, however, global federalism, while not only being difficult to realize, would be barely capable of providing minimum social security and labor standards.

Finally, if we were to adopt a combination of democracy and national sovereignty—that is a welfare state—, we would in effect be returning to the form of moderate globalization established under the Bretton Woods system, thereby relinquishing
hyperglobalization. In the words of Rodrik, “Our only chance of strengthening the
infrastructure of the global economy lies in reinforcing the ability of democratic
governments to provide those foundations” (ibid.: 238).

Based on Rodrik’s argument, we appear to have a dual task. On the one hand, we
should give national governments sufficient latitude in choosing policy to improve social
security by rolling back hyperglobalization. Although not easy, this must be the first
step to adding a social policy dimension to the East Asian regional cooperation in which
the issues of Free Trade and Economic Partnership Agreements have thus far been
dominant. On the other hand, it is advisable to enhance the ability of each government
to form effective policies for extending social security by encouraging comparative
studies of East Asian welfare. My hope is for all East Asian nations to join hands in
strengthening the social foundations of the global economy.
References


